



STATE OF WASHINGTON

**OFFICE OF FINANCIAL MANAGEMENT**

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June 11, 2004

**TO:** Dr. Sylvia Mundy, Director  
Department of Employment Security

**FROM:** Marty Brown, Director *MB*

**SUBJECT: ADDITIONAL INSTRUCTIONS FOR AGENCY BUDGET SUBMITTALS**

The Priorities of Government (POG) Results Teams recently completed work on the high-level purchase strategies that they believe will best achieve statewide results. As part of this effort, Teams also made suggestions about specific analyses and initiatives that will help them in the fall when they reconvene to produce detailed purchase plans for implementation of proposed strategies. Because Results Teams will be reviewing agency budget requests for activities that can be included in these purchase plans, we are communicating their ideas to you as you prepare your budgets.

Although the state is not facing quite the same fiscal challenges that generated the initial Priorities of Government process in 2002, initial estimates for 2005-07 indicate a \$700 million shortfall between forecasted state General Fund (GFS) revenues and the cost of continuing current GFS-funded services. The POG budget approach helps us focus on core services that contribute the most toward statewide results. This, in turn, provides a framework for OFM decisions and budget recommendations to the Governor.

**High-Level Strategies will Guide Budget Decisions**

We strongly urge your consideration of the information contained in this memo as you develop your agency budget proposal.

1. You will find enclosed a list of the high-level indicators of success and the purchase strategies recommended for each statewide result. This information is the investment criteria that Results Teams will use to create their purchase recommendations. Review the indicators and strategies for all 11 results and focus on areas that you believe can be influenced with activities in your agency. For example, if your budget includes activities that affect indicators in Result #4 (Improve Health) because they contribute to the statewide strategy of "mitigating environmental hazards," then your budget should help make that connection for the Results Team.

A summary is provided in this memo, but we encourage you to read the full reports of the Teams, particularly those prepared for Tollgate #2, to understand the context in which these recommendations were made. The reports are available at <http://www.ofm.wa.gov/budget/pog/teamreports.htm>.

2. For some agencies, there are recommended initiatives or research projects listed at the end of this memo. This means one or more Results Teams indicated interest in these ideas and are asking for additional information before they complete their purchase plan recommendation in the fall.
3. The Teams also suggested criteria that agencies could use to assess the activities they propose for funding. As you determine your budget request, we recommend you address these questions in your deliberations:
  - Are there options for earlier, preventative interventions as alternatives to more expensive services later?
  - Are those options evidence-based or supported by research as to their effectiveness toward the intended result?
  - Are we paying the right price for the services delivered?
  - Are activities properly coordinated for maximum effect?
  - Do activities have explicit outcomes and measures of performance?
  - Are there opportunities for outcome-based contracts?

### **Additional Information Requested for the Budget Submittal**

OFM has selected a number of the recommendations mentioned in the team reports to be completed as part of the budget development process. We ask that your agency submit the following information, either as part of your budget request, as an addendum to your budget submittal, or as a separate submittal on the date indicated.

1. Specific areas of focus in the agency's budget request should include:
  - Career counseling at the secondary and post secondary level
  - General workplace skills
  - Integration of adult literacy and occupational skills training
  - Occupational skills training for those with barriers to employment
  - Increase linkages to employers
  - Expanded training in high demand fields demanded by employers
2. Conduct research for WorkFirst services that solicits input from targeted vendors, service providers and agency sources to identify potential service changes that better match community capacities.
3. The Employment Security Department and the Workforce Training and Education Coordinating Board should submit a proposal to improve linkages between workforce development programs and career guidance and job placement services including the services provided through WorkSource.
4. The Employment Security Department and the Department of Social and Health Services should submit a proposal to desegregate WorkSource resource rooms. Currently WorkFirst resource rooms are separate from the general workforce population. These rooms should be combined to eliminate the duplication of services and increase access to equipment.
5. The Department of Labor and Industries, with assistance from the Employment Security Department, should analyze the feasibility of consolidating the cutting and mailing of checks for workers' compensation and unemployment benefit payments.

6. The Department of Revenue, with assistance from the Employment Security Department and the Department of Labor and Industries, should analyze the potential for coordinating research functions, data collection, and contact with employers (i.e., audits) by the three agencies.
7. Evaluate the different types of student assessments and their portability to other institutions/entities. Many students in the community college system often complain that they must take asset/placement tests that are not accepted at other state community colleges. This results in students having to retake a variety of asset tests when they transfer from one college to another. This may include assessments that are performed by DSHS for WorkFirst clients or those performed by the Employment Security Department. Should these assessments reflect employers' needs? Should asset/placement tests be uniform for our public colleges? The State Board for Community and Technical Colleges should take the lead on this evaluation with assistance from the Department of Social and Health Services and the Employment Security Department.
8. The Office of Regulatory Assistance, using the Master Business License application process as an example, should identify how technology and process improvements might reduce the duplication of information that must be provided to different state and local agencies by the same business or individual. This approach—to develop shared information systems where data required are very similar—may save money for both the agencies (costs can be shared among the agencies needing the information) and the businesses. The Office should consult with the Department of Revenue, the Department of Employment Security, the Department of Ecology, the Department of Labor and Industries, the Department of Licensing, the Department of Community, Trade and Economic Development and others as needed.
9. The Department of Community, Trade and Economic Development, in consultation with the Department of Revenue and the Employment Security Department, should propose an entrepreneurship program that coordinates the efforts of existing organizations providing technical and business services for entrepreneurs. As part of this plan, look at these issues:
  - Inventory technical and other assistance for entrepreneurship and identify holes and where the state can play a major role in integrating services, making them seamless.
  - At what stage do most firms fail and why? Is there a role for the state in helping them get through that stage?

If you have questions about any of these recommendations, please consult your assigned OFM Budget Analyst, who will then coordinate assistance with the appropriate Results Team.

Finally, I want to thank all of you for your energy and dedication as we head into another round of POG. Your efforts are critical to its success, and I know from experience that I can count on you.

Attachment

cc: Agency Budget Director